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19 CV 4641

U.S. DISTRICT COURT SOUTHERN DISTRICT NEW YORK

JURISDICTION

LARRY REYNOLDS,  
 Plaintiff

Case No.: Number

vs.

COPYRIGHT  
 INFRINGEMENT LAWSUIT

SPOTIFY USA INC.

Defendant

2019 MAY 20 PM 12:58  
 S.D. OF N.Y.

JURISDICTION AND VENUE - 1. This is a civil action over which this court has original jurisdiction under 28 U.S.C. 1331 and 1338 in that the claims herein arise under federal copyright law (17 U.S.C. 101, ET seq.) (the "Copyright Act"). Jurisdiction also exist pursuant to 28 U.S.C. 1332 (d)(2) because the matter in controversy exceeds the sum or value of \$ 5,000,000 (exclusive of interest and costs), is an Individual Copyright Infringement Action in which Plaintiff is a citizen of a State different from Defendant Spotify 2. Venue in this District is proper under 28 U.S.C. 1391 (b) and/or 28 U.S.C. 1400 (a) . On information and belief, a Substantial part of the acts of infringement complained of herein occurred in this District. THE PARTIES - 3. The Plaintiff is an individual and residing in the United States (as defined herein), own the reproduction and distribution rights of copyrighted musical works reproduced and distributed by Defendant Spotify USA Inc. Plaintiff Larry Reynolds is an individual who is a resident of Louisiana. NATURE OF THE ACTION - 4. This is an Individual Copyright Infringement Action brought by Plaintiff, on behalf of himself who holds and owns the mechanical rights in copyrighted musical works that Defendant Spotify USA Inc. ("Spotify" or Defendant) has used without mechanical licenses in an egregious, continuous and ongoing campaign of deliberate copyright infringement. This is a copyright infringement lawsuit brought by Plaintiff, on behalf of himself, who is the holder of mechanical rights in copyrighted Musical Works the Defendant Spotify USA Inc. (Spotify or Defendant) has used Without Mechanical licenses in an egregious, continuous and ongoing Campaign of deliberate copyright infringement. 5. Specifically, Spotify has and continues to unlawfully reproduce and/or distribute copyrighted musical compositions (the "Works") to more than 75.9 million users via it's interactive commercial music streaming service, as well as its 10 offline listening Service. Spotify reproduces and/or distributes the

PLEADING TITLE - 14

Works despite its failure to identify and/or locate the owners of those compositions for payment or to provide him with notice of Spotify intent to reproduce and/or distribute the Works.

Spotify's infringement of plaintiff's mechanical rights is knowing and willful. Indeed, Spotify has publicly admitted it's failure to obtain licenses for the musical works it distributes or reproduces or to pay royalties to copyright owner for its use of his works. Moreover, Plaintiff is informed and believes that Spotify has created a reserve fund of a million of dollars wherein the royalty payments Spotify wrongfully withholds from artist are held. 6. The existence of this fund

reflects Spotify's practice and pattern of copyright infringement, wherein Spotify reproduces and/or distributes the works without first obtaining appropriate authorization or license. Such use of the works creates substantial harm and injury to the Copyright holder, and diminishes the integrity of the Works. JURISDICTION AND VENUE. This action is a civil action over which

this court has original jurisdiction under 28 U.S.C.1331 and 1338 in that the claim herein arise under federal copyright law (17 U.S.C. 101, ET SEQ.) (the "Copyright Act"). Jurisdiction also exist pursuant to 28 U.S.C. 1332 (d) (2) because the matter in controversy exceeds the Sum or Value of \$5,000,000 (exclusive of interest and costs), is a COPYRIGHT INFRINGEMENT

COMPLAINT ACTION, in which Plaintiff, is a citizen of a state different from Defendant Spotify, Venue in this District is proper under 28 U.S.C. 1391 (b) and/or 28 U.S.C. 1400 (a).

THE PARTIES - 7. Plaintiff is an individual residing in the United States and whom, (as defined herein), own "76" reproduction and distribution rights of Copyrighted Musical Works reproduced and distributed by Defendant Spotify USA Inc. Plaintiff Larry Reynolds is an individual who is a resident of Louisiana. Defendant Spotify USA Inc. is a Delaware Corporation with its principal place of business at 45 W. 18th Street, 7th Floor, New York, New York 1001, Spotify is duly qualified to do and is doing business in New York and Louisiana. Through its interactive-based services.

Defendant (Spotify) copyright infringement can be viewed as possibly knowing this repeated unlicensed reproduction and distribution of musical works over the internet and handheld devices. Defendant online activities knowingly and purposely interact with computers and

mobile devices. FACTUAL BACKGROUND - 8. Plaintiff Larry Reynolds has been an avid presence in the music industry for decades, and has made his career creating and performing music. Mr. Reynolds is a songwriter, composer and producer, and the author of "76" songs for his popular groups LP Reynolds, Aruba Meyers, and L.P. Reynolds and the Argonauts. Mr.

Reynolds is the copyright owner of the exclusive rights in a little over "76" songs to his musical copyrighted compositions in the United States, and have the mechanical rights to these works of music. Pursuant to the Copyright Act, Plaintiff Possess exclusive rights regarding the reproduction and/or distribution of the copyrighted Works, including the associated licensing rights to such activities. Plaintiff distribute, sell and/or license the Works in the form of CDs, and other tangible media throughout the United States, including in Louisiana. Plaintiff reproduce, distribute, sell, and/or license the Works in the form of digital audio files delivered and performed via the internet. Plaintiff have invested and continue to invest good money, energy, time, effort and creative talent to create and develop the Works.

9. Spotify is an interactive commercial music streaming service (among other services that operates an Internet website ([www.spotify.com](http://www.spotify.com)) permitting users to customize listening choices for recorded music and to create Internet "radio stations". Its Internet services are downloadable to computers and handheld devices (via mobile applications) making its streaming capabilities widely available to millions of users. Indeed, Spotify has optimized its website for use on ios and Android-based devices thereby reaching vast markets of users. Spotify claims to have played over 25 billion listening hours of music since its launch date on 7th October 2008, "say hello to the most entertaining Spotify ever", attached hereto as Exhibit A).

10. Spotify offers its service to the public on both a free non-subscription and "premium" paid subscription basis. paid subscribers enjoy numerous benefits unavailable to users of Spotify's free service, including but not limited to, commercial-free listening privileges, "high quality audio", fully customizable play lists, and enhance features such as "unlimited skips", "listen offline" and "play any track" COMPLAINT (see, [www.spotify.com](http://www.spotify.com).) Spotify's "premium" service is offered to users for a monthly fee of \$9.99. (see [www.spotify.com](http://www.spotify.com).) Spotify's website is currently one of the most frequently visited and used interactive streaming music sites on the internet and boasts a library of "millions of tracks" available to users so that "the right music is always at your fingertips. (see, [www.spotify.com](http://www.spotify.com).) As of June 10, 2015, Spotify claimed to have 75 million active users (and 20 million paid subscribers). (see Spotify's announcement, "20 Million Reasons To Say Thanks attached here to as Exhibit B) .

11. Spotify further claims that, "We have now paid more than \$3 billion USD in royalties, including more than \$300 million in the first three months of 2015 alone. That's good for music, good for music fans... And good for music makers". (see Exhibit B.) Consequently, Spotify earns millions of dollars in revenues for its services, including from

residents of Louisiana and New York. Plaintiff is informed and believe and there upon allege that Spotify sells the rights to advertise to users on its website and mobile applications to earn revenue above and beyond paid subscription. Spotify's internet music service is intended to and does promote Spotify's services in a manner designed to attract users and paid subscribers of its services. 12. Spotify regularly reproduces and/or distributes to listeners and users of its services Plaintiff musical compositions, and has done so repeatedly for at least the past seven years. In the course of rendering it's streaming services to users and subscribers, Spotify reproduces and/or distributes Plaintiff's musical compositions or otherwise "didn't receive" authorization from Plaintiff to reproduce or distribute such works to it's users and subscribers, Spotify reproduces and/or distributes Plaintiff musical compositions numerous times. Spotify has not licensed Plaintiff's musical compositions or received authorization from Plaintiff to reproduce or distribute such works to its users and subscribers. INDIVIDUAL COPYRIGHT COMPLAINT, Spotify's unlawful reproduction and/or distribution of Plaintiff's copyrighted works has substantially harmed and continues to harm Plaintiff. 13. A non-exhaustive and illustrative list of Plaintiff's Works that Spotify has illegally reproduced and/or distributed for its users, includes, but is not limited to the following (among others): Plaintiff has received Certificates of Copyright Registration from the Register of Copyright for the Works. Spotify's egregious and willful violations of Plaintiff rights are highlighted in Spotify's pasted admissions regarding it's failure to: (1) obtain licenses for the musical works it distributes and reproduces (thereby infringing multiple copyrighted works); and (2) compensate copyright owners for its use of their Works. 14. For example, in Spotify's May 23, 2014 comments to the United States Copyright Office's Notice of Inquiry in connection with that Office's Music Licensing Study (hereinafter, "comments", attached hereto as Exhibit C), Spotify admits that in some instances "Spotify may not be able to identify the copyright owners from the sound recordings provided to Spotify". (comments, are attached.) Also as exhibits, is (Plaintiff musical "Works" on Spotify's Web Player - Spotify, dated 11-17-2016 as Exhibit C). Spotify failed to pay songwriter royalties to a publishing company approximately 21% of the time. See Ethan Smith, Songwriters Lose Out on royalties, WALL STREET JOURNAL, Oct. 14, 2015 The Copyright Act provides statutory penalties to discourage Spotify's infringement, including statutory damages awards of between \$750 and \$30,000 for each infringed work, and up to \$150,000 for a willful infringement.

INDIVIDUAL COPYRIGHT INFRINGEMENT COMPLAINT 15. B 1 PLAINTIFF

ALLEGATIONS 1-7. Plaintiff Reynolds brings this action on behalf of himself who is the owner of mechanical rights for registered musical compositions, which rights were improperly infringed by Spotify's unlicensed and/or unauthorized reproduction and/or distribution of those compositions. Larry Reynolds the proposed owner of mechanical distribution and reproduction rights in mechanical compositions registered under United States Federal Law, which compositions were reproduced or distributed by Spotify without license or authorization since December 28, 2012. This action may be properly brought and maintained as an individual copyright infringement action. The Plaintiff alleges that: COUNT ONE (Direct Copyright Infringement 17 U.S.C. 106 and 501) Spotify, without license, permission, or consent of Plaintiff has made unauthorized reproduction and/or engaged in unauthorized distribution of Plaintiff copyrighted musical compositions. 16. As a direct and proximate result of Spotify's willful and infringing conduct, Plaintiff is entitled to the maximum statutory damages or to the Plaintiff actual damages and Defendant's profits, whichever are higher, against Defendant pursuant to 17 U.S.C. 504 (b). plaintiff elects to seek (1A.) "statutory damages" also with the court final judgment, plus (2A.) 12.5% of Defendant gross monthly profits in the 4th quarter of this year of 2019, also 2014-2018. Which is believed to be estimated to be \$1.71 billion (see, www.thrott.com Exhibit A.) \$1.71 billion in Q4 Thurrott. Com-Paul Thurrott Feb 6, 2019 Of the \$1.71 billion in Q4 revenues, \$1.5 billion came from premium (paid) subscribers. Also 10.5% of gross revenues plus royalties withheld from Plaintiff going back to pass years of 2014-2018 in that sum of Defendant's profits which is owed to Plaintiff for Defendant's "Direct Copyright infringement actions", is estimated at around \$ 123,000,000, USD (3A.) Plaintiff also seeks statutory damages in the amount of \$2,280,000, also (\$1,140,000, USD) for "Willful" Copyright Infringements of "76" Copyrighted Registered works that Plaintiff has already registered with United States Copyright Office. PLAINTIFF FACTS FOR SUMMARY JUDGMENT - 17A. Plaintiff (Larry Reynolds) Facts for Summary Judgment against Defendant (Spotify USA INC.): (A) Plaintiff 12.5% of Defendant \$1.71 billion gross revenues -  $12.5\% \times \$1.71 \text{ billion} = \$213,750,000,000$ , (76 songs Q4, Year: 2019, also gross revenues for 2014-2018) - (B) Premium (paid) subscribers -  $\$12.5\% \times \$1.5 \text{ billion} = \$125,000,000$ , (76 songs Q4, Year: 2019), also 2014-2018 gross revenues) - (C)Plaintiff (Larry Reynolds) 12.5% of Defendant (Ad-supported revenues -) $12.5\% \times \$200,000,000 = \$2,500,000$  (76 songs Q4,Year: 2019, also gross revenues for 2014-2018). - (D) Defendant violations of 17 U.S.C. 1201 - (minimum, damage sum)



\$200.00 X 76 songs = \$15,200 (76 songs Q4, Year: 2019, also 2014-2018). - (E) Defendant violations of 17 U.S.C. 1201 (or more, damage sum) \$2,500 X 76 = \$190,000 (76 songs Q4, Year: 2019, also 2014-2018). (F) Defendant violations 17 U.S.C 1202 (minimum damage sum) \$ 2,500 X 76 = \$190,000 (76 songs Q4, Year: 2019,, also gross revenues for 2014-2018). - (G) Defendant violations of 17 U.S.C 1202 (or more than damage sum) - \$25,000 X 76 = 1900,000 (76 songs Q4, Year: 2019, and also for 2014-2018).- (H) Defendant violations of 17 U.S.C. 504 of the U.S. Code (minimum statutory damage) \$750 X 76 = \$57,000 (Year: 2019, and also 2014-2018) (I) Defendant violations of 504 of the U.S. Code - \$30,000 X 76 = \$2,280,000, (Year: 2019, and also 2014-2018). - (J) Plaintiff violations of 17 U.S.C. 504 of the U.S. Code (for "Willful" violations) - \$150,000.00 X 76 = \$1,140,000, (Year: 2019, also, 2014-2018 per year) -

(EXHIBIT A-1, (1A) CIVIL ACTION AND FACTS FOR SUMMARY JUDGMENT.

EXHIBIT A (1.) PLAINTIFF FACTS FOR SUMMARY JUDGMENT THATS NOT IN DISPUTE, AND ALSO IN SUPPORT OF SUMMARY JUDGMENT. EXHIBIT B (2.)

NEW YORK - BUSINESS. EXHIBIT C (3.) JAMES DUFFETT SMITH MUSIC

LICENSING STUDY EXHIBIT D (4.) DEFENDANT QUARTERLY STATEMENT.

EXHIBIT E (5.) HOW SPOTIFY BUILT A \$ 20 MILLION BUSINESS. EXHIBIT F (6.)

THE WALL STREET JOURNAL, SONGWRITERS LOSE OUT ON ROYALTIES

EXHIBIT G (7.) PLAINTIFF WASN'T RECIEVING ROYALTIES. EXHIBIT H (8.)

SPOTIFY IS ADDING 1 NEW SUBSCRIBER EVERY 3 SECONDS. EXHIBIT I (9.)

SPOTIFY ACTUALLY TURNED A PROFIT IN Q4 2018. EXHIBIT J (10.) U.S. COPYRIGHT

ROYALTY RATES AND TERMS. EXHIBIT K (11.) U.S. COPYRIGHT ROYALTY FEES

AND PAYMENTS. EXHIBIT L (12.) U.S. CODE 1400 PATENTS AND COPYRIGHTS.

EXHIBIT M (13.) U.S. CODE 1204. EXHIBIT N (14.) U.S. CODE 501 INFRINGE OF

COPYRIGHT. EXHIBIT Q-A (15.) U.S. CODE 1203. EXHIBIT P-B (16.) U.S. CODE

1203 IN GENERAL. EXHIBIT Q-C (17.) STATUTORY DAMAGES. EXHIBIT R (18.)

17 U.S.C. 504 OF THE U.S. CODE. EXHIBIT S (19.) PLAINTIFF (LARRY REYNOLDS

(L.P REYNOLDS) ON SPOTIFY WEB PLAYER. EXHIBIT S-A (20.) PLAINTIFF (LARRY

REYNOLDS) L.P. REYNOLDS ON SPOTIFY: <https://open.spotify.com> 17. COUNT TWO

(Unfair Business Practices of New York Consolidated Laws, Limited Liability Company Law -

LLC 1303 Professional relationship and liabilities. 18. COUNT THREE (UNFAIR AND NO

ROYALTY PAYMENTS INVOLVING, PART 365 - RATES AND TERMS FOR USE OF

PLEADING TITLE - 64

NONDRAMATIC MUSICAL WORKS IN THE MAKING AND DISTRIBUTING OF PHYSICAL AND DIGITAL PHONORECORDS. Plaintiff alleges and incorporates by reference each and every allegation contained in paragraph 1 through 30 of the Complaint INDIVIDUAL COPYRIGHT INFRINGEMENT ACTION - On information and belief, Plaintiff alleges that Spotify (a) depresses the value of the royalties owed to Plaintiff for the use of his Works through an arbitrary and non-negotiated payment structure, and (b) captures and holds funds which are otherwise distributable and earns interest thereon, thereby profiting off it's own unlawful conduct.

These business practices are unlawful and unfair pursuant to New York Business & Professions Code: New York Consolidated Laws - LLC 1303. Professional relationship and liabilities. 19.

As a direct and proximate result of Spotify's conduct alleged herein Plaintiff is entitled to recover all proceeds and other compensation received or be relieved by Spotify for its failure to pay royalties. This includes any interest accrued on the royalty funds inappropriately withheld from Plaintiff. Plaintiff have been damaged, and Spotify has been unjustly enriched, in an amount that is not as yet fully ascertained but which Plaintiff is informed and believes is not less than \$ 126,420,500, according to proof at trail. 20. Unless the Court enjoins and restrains Spotify's

conduct, Plaintiff will continue to endure great and irreparable harm that cannot be fully compensated or measured in monetary value alone. Accordingly, Plaintiff is entitled to temporary, Preliminary and Permanent injunctions, prohibiting further acts of unfair competition pursuant to New York Business & Professions Code - New York Consolidated Laws - LLC 1303. Professional relationship and liabilities. 21. LARRY REYNOLDS - MUSICAL WORKS

AND COPYRIGHT REGISTRATION NUMBERS: ("8" CD ALBUMS "A", "B", "C", "D", "E", "F", "G", "H") ("A".) TENNESSEE FEVER(PRESIDENTIAL EDITION) Registration

Numbers: SR 794-096 Certification LARRY REYNOLDS - Effective Date of Registration:

November 22, 2016 - Library of Congress Copyright Office Public Catalog (1978 to present)

Search Larry Reynolds Tennessee Fever(Presidential Edition) # 185 TENNESSEE

FEVER(Presidential Edition) SR0000794096 Date 2012 Larry Reynolds Author, Songwriter,

Owner - Artist, Larry Reynolds (LP Reynolds), (1.) Tennessee Fever (Vocal) Registration

Number SR 794-096 (2.) Tennessee Fever (Instrumental) Registration Number SR 794-096 (3.)

The Amazon (Instrumental) Registration Number SR 794-096 (4.) The Awakening

(Instrumental) Registration Number SR 794-096 (5.) Hearts of Glory (Instrumental) Registration

Number SR 794-096 (6.) There's a Change (Vocal) Registration Number SR 794-096 (7.)

Heavenly Bliss (Instrumental) SR 794-096 (8.) It's Love My Friend (Vocal) Registration Number SR 794-096 (9.) Tell Me You Won't Challenge Registration Number SR 794-096 (10.) God is Our World (Vocal) Registration Number SR 794-096 (11.) Pretty Girl (Vocal) Registration Number SR 794-096 (12.) The Girl That I Love (Vocal) Registration Number SR 794-096 (13.) Argentine Tango Holy (Instrumental) Registration Number 794-096 ("B") (22.)

SUPERSAINT Registration Number: SR0000819918 Library of Congress Copyright Office Public Catalog (1978 to present) Search request: keyword= Larry Reynolds Supersaint Number #1 Full Title LP Reynolds Supersaint, Copyright Number: SR0000819918 Registration/Date 2017-10-06 Date of creation: 2012-09-09 Larry Reynolds Author, Songwriter, Owner - Artist

Larry Reynolds (LP Reynolds) (1.) Saining While (Instrumental) Registration Number SR0000819918 (2.) Living High (Instrumental) Registration Number SR0000819918 (3.) Supersaint (Vocal) Registration Number SR0000819918 (4.) Air Wind Is Higher (Instrumental) Registration Number SR0000819918 (5.) Plans Can be Made (Instrumental) Registration Number SR0000819918 (6.) I Love (Vocal) Registration Number SR0000819918 (7.) Jobless Crisis (Vocal) Registration Number SR0000819918 (8.) Saints I Said (Vocal) Registration Number SR0000819918 (9.) Sing Your Song (Instrumental) Registration Number SR0000819918 (10.) Sing Your Song (Vocal) Registration Number SR0000819918 Larry Reynolds Author, Songwriter, Owner - Artist Larry Reynolds (LP Reynolds) ("C") (23.) A HEAVENLY CHRISTMAS CHEERS Registration Number 1-6443871807 (1.) Wretched Soul (Instrumental) Registration Number 345678 (2.) Can I Lead You (Vocal) Registration Number 1-6443871807 (3.) To Tell the Angels We'll Dance (Vocal) Registration Number 1-6443871807 (4.) In These Blesseth Years (Instrumental) Registration Number 1-6443871807 (5.) In These Blesseth Years (Vocal) Registration Number 1-6443871807 (6.) Tango Heaven (Instrumental) Registration Number 1-6443871807 (7.) Stars of Heaven (Vocal) Registration Number 1-6443871807 (8.) Hasn't It Been Too Long (Instrumental) Registration Number 1-6443871807 (9.) Love is on It's Way (Vocal) Registration Number 1-6443871807 (10.) Heavenly Christmas Cheers (Instrumental) Registration Number 1-6443871807 ("D") (24.) L.P. REYNOLDS CHRISTMAS Registration Number: SR 796-961 Larry Reynolds Author, Songwriter, Owner - Artist Larry Reynolds (LP Reynolds) (1.) I'm Free (Instrumental) Registration Number SR 796-961 (2.) Frosty Winterland (Vocal) Registration Number SR 796-961 (3.) Frosty Wonderland (Instrumental) Registration Number SR 796-961 (4.) Christmas Time (Vocal) Registration



Number SR 796-961 (5.) You Need a Merry Christmas (Vocal) Registration Number SR 796-961 (6.) This Christmas for You (Vocal) Registration Number SR 796-961 (7.) Yes I'm Here for Christmas (Vocal) Registration Number SR 796-961 (8.) It's Funny (Instrumental) Registration Number SR 796-961 (9.) It's Funny (Vocal) Registration Number SR 796-961 ("E") (24.)

BRIDE FOR DOCTOR LEVINSTEIN - Registration Number SR 817-150 Effective Date of Registration June 12, 2018, Certification Larry Reynolds December 23, 2017 - Library of Congress Copyright Office, Public Catalog (1978 to present) Search request: keyword= Larry Reynolds # 182 Full Title, LP Reynolds Bride for Doctor Levinstein Copyright Number:

SR0000817150, Date 2017 - Larry Reynolds Author, Songwriter, Owner - Artist Larry Reynolds (LP Reynolds) (1.) Oh, That I Sing (Vocal) Registration Number SR0000817150 (2.) When You Learn to Love (Vocal) (3.) That's the Way of the World (Vocal) Registration Number SR0000817150 (4.) Angel Time (Instrumental) Registration Number SR0000817150 (5.) Please Entreat Me (Vocal) Registration Number SR0000817150 (6.) France Is Paris (Instrumental) Registration Number SR0000817150 (7.) Heavenly Bliss (Instrumental) Registration Number SR0000817150 (8.) Bride for Doctor Levinstein (Instrumental) Registration Number SR0000817150 (9.) Yes, You'll Be Saved (Instrumental)) Registration Number SR0000817150 (10.) Heavenly Wave (Instrumental) Registration Number SR0000817150 (11.) You Shouldn't Go Away (Vocal) Registration Number SR0000817150 ("F") (26.) L.P. REYNOLDS AND

THE ARGONAUTS - Registration Number: SR 818-761 Effective Date of Registration:

October 06, 2017 - Certification- Larry Reynolds SR. Library of Congress Copyright Office Public Catalog (1978 to present) Search request: keyword= Larry Reynolds L.P.Reynolds and the Argonauts # 180 Full Title L.P Reynolds and the Argonauts, Copyright Number

SR0000818761, Date 2013 Larry Reynolds Author, Songwriter, Owner Artist Larry Reynolds (L.P. Reynolds) (1.) God Is So Real (Instrumental) Registration Number SR0000818761 (2.) The Known Voyage (Instrumental) Registration Number SR0000818761 (3.) Fleet Destination (Instrumental) (4.) Tell Me You Won't Challenge (Instrumental) Registration Number

SR0000818761 (5.) Hearts of Glory (Vocal) Registration Number SR0000818761 (6.) I Want Jesus Around (Instrumental) Registration Number SR0000818761 (7.) Please Entreat Me

(Instrumental) Registration Number SR0000818761 (8.) Crackling Rocks (Instrumental)

Registration Number SR0000818761 (9.) Hasn't It Been Too Long (Instrumental) Registration

Number SR0000818761 (10.) Time Is Doing You (Instrumental) registration Number

SR0000818761 (11.) The Spaceship Y'all (Vocal) Registration Number SR0000818761 ("G")  
(27.) LP REYNOLDS IF YOU DON'T BELIEVE - Registration Number: SR 817-146 Effective  
Date of Registration: June 12, 2018 Certification Larry Reynolds December 23, 2107 - Library  
of Congress Copyright Office - Public Catalog Search request: keyword= Larry Reynolds LP  
Reynolds If You Don't Believe - # 181, Full Title: LP Reynolds If You Don't Believe,  
SR0000817146 Date: 2012 Larry Reynolds Author, Songwriter, Owner Artist Larry Reynolds  
(LP Reynolds) (28.) (1.) If You Don't Believe (Vocal) Registration Number SR0000817146  
(2.) Western Ways (Vocal) Registration Number SR0000817146 (3.) I Love You (Vocal)  
Registration Number SR0000817146 (4.) Endlessly (Vocal) Registration Number  
SR0000817146 (5.) Army in Paree (Vocal) Registration Number SR0000817146 (6.) Melanie  
(Vocal) Registration Number SR0000817146 (7.) He Will Be Free (Vocal) Registration Number  
SR0000817146 (8.) I Know I Want You (Vocal) Registration Number SR0000817146 (9.) Don't  
You Know, Want You See (Instrumental) (10.) I Came to Sing (Instrumental) Registration  
Number SR0000817146 (11.) Washington D.C. (Instrumental) Registration Number  
SR0000817146 (12.) The Holy Dance (Instrumental) Registration Number SR0000817146 (13.)  
Los Angeles (Instrumental) Registration Number SR0000817146 (29.) PRAYER FOR  
RELIEF WEREFOR, Plaintiff, on behalf of himself respectfully prays for relief against  
Defendant as follows: 1. Certify this matter as a COPYRIGHT INFRINGEMENT  
COMPLAINT ACTION FOR DAMAGES AND INJUNCTIVE RELIEF, 2. Enter judgement  
in favor of Plaintiff, 3. Enter injunction and/or declaratory relief as is necessary to protect the  
interests of Plaintiff 17 U.S.C. 502, including enjoining Defendant from continued copyright  
infringement and violations of the Copyright Act, 4. A temporary, preliminary, and  
permanent injunctions enjoining and restraining Spotify, and it's respective agents, servant,  
directors, officers, principals, employers, representatives, subsidiaries and affiliated companies,  
successors, assigns, and those acting in concert with them or at their direction, from further  
violations of New York Business & Professions Code - New York Consolidated Laws, Limited  
Liability Company Law -LLC 1303. Professional relationship and liabilities. 29. 5. Injunction  
relief that requires Spotify to pay for the services of a third party auditor to identify the owner of  
these Works reproduced and/or distributed by Spotify's failure to first obtain a mechanical  
license prior to reproducing and/or distributing the Works, and further requiring Spotify to  
remove all such Works from its services until it obtains proper licenses for them; 6. Restitution

of Spotify's unlawful proceeds, including Defendant's gross profits; (30.) 7. Award  
compensatory damages to Plaintiff in the amount to be ascertained at trial or summary judgment;  
8. Award statutory damages to Plaintiff according to proof, including but not limited to all  
penalties authorized by the Copyright Act (17 U.S.C. 504 (c) (2); 9. Award Plaintiff Pre-and  
Post-judgement interest to the extent allowable; and /// /// /// /// 10. Award such other  
and further relief that the Court may seem proper.

Dated: Thursday March 7, 2019

  
Larry Reynolds, ProSe Litigant

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U.S. DISTRICT COURT SOUTHERN DISTRICT NEW YORK

JURISDICTION

LARRY REYNOLDS,  
  
Plaintiff,  
  
vs.  
  
SPOTIFY USA INC.,  
  
Defendant

Case No.: Number

CIVIL ACTION AND FACTS FOR  
SUMMARY JUDGMENT

EXHIBIT A -1 CIVIL ACTION AND FACTS FOR SUMMARY JUDGMENT -

(1A.) This is a civil action and facts for summary judgment over which the Court has original jurisdiction under 28 U.S.C 1331 and 1338 in that the claims herein arise under federal copyright law (17 U.S.C. 101, et seq.) (the "Copyright Act"). Jurisdiction also exist pursuant to 28 U.S.C. 1332 (d) (2) because the matter in controversy exceeds the sum or value of \$5,000,000 (exclusive of interest and costs), is a civil action and facts for summary judgment in which plaintiff is a citizen of a state different from defendant Spotify. Venue in this District is proper under 28 U.S.C 1391(b) and/or 28 U.S.C. 1400 (a). On information and belief, a Substantial part of the acts of infringement complained of herein occurred in this District, and Defendant is subject to personal jurisdiction in this District. PARTIES - The plaintiff is an individual residing in the United States (as defined herein), own the reproduction and distribution rights of copyright musical works reproduced and distributed by Defendant Spotify USA INC. Plaintiff Larry Reynolds is an individual who is a resident of Louisiana. EXHIBIT A (1.)

PLAINTIFF FACTS FOR SUMMARY JUDGMENT THATS NOT IN DISPUTE, AND THATS ALSO IN SUPPORT OF SUMMARY JUDGMENT. PLAINTIFF UNDISPUTED PARAGRAPH OF FACTS AND ANSWERS TO DEFENDANTS (SPOTIFY USA INC.)

OPPOSING ALIGATIONS AGAINST SUMMARY JUDGMENTS - (FACTS PARAGRAPH

3.) PLAINTIFF U.S. LIBRARY OF CONGRASS COPYRIGHT NUMBERS AND CD TITLES, FOR EIGHT MUSICAL WORKS: ("A"), ("B"), ("C"), ("D"), ("E"), ("F"), ("G"), ("H") ("A")

Tennessee Fever(Presidential Edition) Date: 2012 Registration Number: SR0000794096

1.Tennessee Fever (Vocal) Registration Number: SR0000794096 2.Tennesser Fever (Inst.)

1 Registration Number: SR0000794096 3.The Amazon (Instrumental) Registration Number:  
2 SR0000794096 4.The Awakening (Inst.) Registration Number: SR0000794096 5. Hearts of  
3 Glory (Inst.) Registration Number: SR0000794096 6. There's a Change (Inst.) Registration  
4 Number: SR0000794096  
5  
6 7. Heavenly Bliss (Inst.) Registration Number: SR0000794096 8. It's Love My Friend (Vocal)  
7 Registration Number: SR0000794096 9. Tell Me You Won't Challenge (Inst.) Registration  
8 Number: SR0000794096 10. God Is Our World (Vocal) Registration Number: SR0000794096  
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10 11. Pretty Girl (Vocal) Registration Number: SR0000794096 12. The Girl That I Love (Vocal)  
11 Registration Number: SR0000794096 13.Argentine Tango Holy (Inst.)Registration Number:  
12 SR0000794096 ("B") L.P. REYNOLDS CHRISTMAS REGISTRATION NUMBER:  
13 SR0000796961 1. I'm Free (Instrumental) Registration Number: SR0000796961 2.Frosty  
14 Winterland (Vocal) Registration Number: SR0000796961 3. Frosty Wonderland (Inst.)  
15 Registration Number: SR0000796961 4. Christmas Time (Vocal) Registration Number:  
16 SR0000796961  
17  
18 5. You Need a Merry Christmas (Vocal) Registration Number: SR0000796961 6. This  
19 Christmas for You (Vocal) Registration Number: SR0000796961 7. Yes I'm Here for  
20 Christmas (Vocal) Registration Number: SR00007969618. It's Funny (Inst.) Registration  
21 Number: SR0000796961 9. It's Funny (Vocal) Registration Number: SR0000796961  
22  
23 ("C") L.P. REYNOLDS BRIDE FOR DOCTOR LEVINSTEIN DATE 2017 REGISTRATION  
24 NUMBER: SR0000817150 1. Oh, That I Sing (Vocal) Registration Number: SR0000817150  
25 2. When You Learn to Love (Vocal) Registration Number: SR0000817150.  
26 3.That's the Way of the World (Vocal) Registration Number: SR0000817150 4. Angel Time  
27 (Instrumental) Registration Number: SR0000817150 5. Please Entreat Me (Vocal)  
28 Registration Number: SR0000817150 6. France Is Paris (Inst.) Registration Number:  
SR0000817150 7. Heavenly Bliss (Inst.) Registration Number: SR0000817150 8. Bride of  
Doctor Levinstein 9. Yes, You'll Be Saved (Inst.) Registration Number: SR0000817150 10.  
Heavenly Wave (Inst.) Registration Number: SR0000817150  
  
11. You Shouldn't Go Away (Vocal) Registration Number: SR0000817150 ("D")  
  
SUPERSAINT, DATE: 2012 REGISTRATION NUMBER: SR0000819918 1. Sainting While  
(Instrumental) Registration Number:SR0000819918 2.Living High (inst.) Registration  
Number: SR0000819918 3. Supersaint (Vocal) Registration Number: SR0000819918



4. Air Wind Is Higher (Inst.) Registration Number: SR0000819918 5. PLans Can Be Made  
 (Inst.) Registration Number: SR0000819918 6. I Love (Vocal) Registration Number:  
 SR0000819918 7. Jobless Crisis (Vocal) Registration Number: SR0000819918 8. Saints I  
 Said (Vocal) Registration Number: SR0000819918 9. Sing Your Song (Instrumental)  
 Registration Number: SR0000819918 10. Sing Your Song (Vocal) Registration Number:  
 SR0000819918  
 ("E") LP REYNOLDS IF YOU DON'T BELIEVE DATE: 2012 REGISTTATION NUMBER:  
 SR0000817146 1.If You Don't Believe (Vocal) Registration Number:SR0000817146 2.  
 Western Ways (Vocal) Registration Number: SR0000817146 3. I Love You (Vocal)  
 Registration Number: SR0000817146 4. Endlessly (Vocal) Registration Number:  
 SR0000817146 5. Army In Paree (Vocal) Registration Number: SR0000817146 6. Melanie  
 (Vocal) Registration Number: SR0000817146 7. He Will Be Free (Vocal) Registration  
 Number: SR0000817146 8. I Know I want You (Vocal) Registration Number: SR0000817146  
 9. Don't You Know, Want You See (Instrumental) Registration Number: SR0000817146 10. I  
 Came To Sing (Inst.) Registration Number: SR0000817146 11. Washington, D.C.  
 (Instrumental) Registration Number: SR0000817146 12. The Holy Dance (Instrumental)  
 Registration Number: SR0000817146 13. Los Angeles (Instrumental) Registration Number:  
 SR0000817146  
 ("F") LP REYNOLDS SOMETHING NEW, DATE: 2015 REGISTRATION NUMBER:  
 SR0000816163 1.Stars of Heaven (Vocal) Registration Number: SR0000816163 2. Tell Me  
 You Won't Challenge (Vocal Rap) Registration Number: SR0000816163 3. Something New  
 (Instrumental) Registration Number: SR0000816163 4. Hearts of Glory (Vocal) Registration  
 Number: SR0000816163 ("G") LP REYNOLDS A HEAVENLY CHRISTMAS CHEERS,  
 DATE: 2015 COPYRIGHT IS BEING REAPPLIED FOR, COPYRIGHT FILING NUMBER:  
 1-644381807 1.Wrachet Soul (Instrumental) Filing Number: 1-644381807 2. Can I Lead You  
 (Vocal) Filing Number: 1-644381807 3. To Tell The Angels We'll Dance (Vocal) Filing  
 Number: 1-644381807 4. In These Blesseth Years (Instrumental) Filing Number: 1-  
 644381807 5. In These Blesseth Years (Vocal) Filing Number: 1-644381807 6. Tango  
 Heaven (Instrumental) Filing Number: 1-644381807 7. Hasn't it Been Too Long  
 (Instrumental) Filing Number: 1-644381807 8. Love Is On It's Way (Vocal) Filing Number: 1-  
 644381807 9. Heavenly Christmas Cheers (Instrumental)

("H") L.P. REYNOLDS AND THE ARGONAUTS, DATE: 2013 REGISTRATIONNUMBER:  
SR0000818761 1. God Is So Real (Instrumental) Registration Number: SR0000818761 2.  
The Known Voyage (Inst.) Registration Number: SR0000818761 3. Fleet Destination  
(Instrumental) Registration Number: SR0000818761 4. I Want Jesus Around (Instrumental)  
Registration Number:SR0000818761 5. Please Entreat Me (Instrumental) 6. Crackling  
Rocks (Instrumental) Registration Number: SR0000818761 7. Hasn't It Been Too Long  
(Instrumental) Registration Number: SR0000818761 8. Time Is Doing You (Instrumental)  
9. The Spaceship Yall (Vocal) Registration Number: SR0000818761 EXHIBIT B

PLAINTIFF FACTS FOR SUMMARY JUDGMENT - (2.) NEW YORK - BUNSINESS WIRE,

02/06/2019 Defendant Spotify Technology S. A. Announces Financial Results for Fourth  
Quarter 2018. Spotify Technology S. A. (NYSE SPOT) today reported financial results for the  
fourth facial Quarter of 2018 ending December 31, 2018. This press release features multimedia  
view of the full release here: [https://www. Business.wire.com/news/home/20190206005298/en/](https://www.Business.wire.com/news/home/20190206005298/en/)  
Dear Shareholders, Results for Q4 2018 outperformed our expectations and for the first time in  
company history, operating Income, Net Income, and Free Cash Flow were all positive.

MONTHLY ACTIVE USERS, maus grew 29% Y/Y to 207 million, outperforming the high end  
of our 199-206 million MAU guidance range.

This performance was broad based with growth in most markets exceeding our expectations,  
primarily as a result of improved retention relative to our forecast. Latin America and other  
emerging regions continues to see especially strong growth. During Q4 our footprint expanded to  
78 countries from 65 as we launched our service across 13 countries in the middle East and  
North Africa in mid-November Performance to date has exceeded our initial expectations, as we  
hope to build on this momentum in 20019. We also reached an important milestone as users  
listened to more than 15 billion hours of content on the platform during Q4, Importantly,  
engagement grew across both the Ad-Supported and Premium tiers. PREMIUM

SUBSCRIBERS - Premium Subscribers reached 96 million, up 36% Y/Y, hitting the high end of  
our guidance range of 93-96 million. Outperformance was largely attributable to better than  
expected intake from our Google Home promotion and annual Holiday campaign. Our Google  
Home promotion marked the first ever hardware bundle offering in company history. For a  
limited time during Q4, master account holders of our Family Plan in US were able to claim a  
Google Home Mini speaker free of charge. We believe home voice speakers are a critical area of  
PLEADING TITLE - 4

growth, particularly for music and audio content, and we are evaluating a number of ways to explore and refine our offering in this arena. We ran our annual Holiday conversion promotion during Q4, which outperformed our expectation for new subscribers additions.

Over the course of 6 weeks, almost 7 million subscribers were added through this campaign, including a single day record of almost 500,00 in December, we also launch our annual Wrapped Holiday brand campaign where existing users were able to explore stats about their listening habits throughout the year. The campaign saw the, etc.

EXHIBIT C PLAINTIFF FACTS FOR SUMMARY JUDGMENT - (3.) Defendant Spotify

U.S.A. INC. James Duffett-Smith May 23, 2014 Before the UNITED STATES COPYRIGHT

OFFICE LIBRARY OF CONGRESS, Notice of Inquiry- Music Licensing Study: Notice and

Request for Public Comment - (Page 5) statements from Spotify's James Duffett-Smith

Inquiry Concerning possible faults in not obtaining proper license to reproduce and distribute

Plaintiff musical Works.

James Duffett-Smith: In the case of Spotify, the

company has had to secure the rights to millions of individual copyrighted works, many of which

were secured pursuant to the Section 115 license. But when doing so, Spotify first had to be able

to identify the copyright owners of each work, had to obtain contact information of those owners,

and then ensure that a notice of use was provided to such owners prior to first use.

To do this, Spotify had to rely upon the services of third party rights administrators, who

themselves often struggle with securing the necessary information to submit a compliant notice

of pursuant to statutory license. These problems are particularly magnified when dealing with

new releases, which consumers expect a service such as Spotify to have available on the day of

public release. Where a record label license Spotify to use a new release on Spotify Service to

coincide with the "street date" of such release, Spotify may only make sound recordings from

that release available on the Spotify Service if Spotify has secured license to the underlying

musical works.

In some cases Spotify may have a direct license in place, via its administrator with some of the

copyright owners that own an interest in the musical works embodied in the sound recordings on

the new release. But where it's administrator does not obtain a direct license, Spotify has to

obtain a license pursuant to Section 115 license.

EXHIBIT D PLAINTIFF FACTS FOR SUMMARY JUDGMENT - (4.)

Defendant ( Spotify U.S.A INC. ) Quarterly Statements, for the years of 2014-2016. Gross

PLEADING TITLE - 5

Revenues based on Crunchbase News. Spotify's Growth Crunchbase - [https://news. Crunchbase. Com](https://news.crunchbase.com) - 2014 revenue: 1.08 billion, 2015 revenue: 1.93 billion , 2016 revenue: 2.93 billion - Morning Report: Spotify's first profitability metric is improving, but, according to THE INFORMATION, the streaming company's operating losses persists as the company grows. Global music streaming service Spotify grew around 40 percent to earn revenue of \$2.2 billion in the first half of 2017, losing "between 100 million and 200 million euros" during the same six month period, according to the report in the information. The same piece notes the company's gross margins improved to 22 percent in the first two quarters of 2017, up 7 percent from its H1' 16 result of 15 percent. We can compare the above to what we know about Spotify's financial performance, which includes it's 2016, 2015, and 2014 results. To remind ourselves, here are two sets of numbers that we reported back in June: Spotify 2014 revenue: € 1.08 billion. . Spotify 2015 revenue: € 1.93 billion (+77.9 percent). Spotify 2016 revenue: € 2.93 billion (+ 52.1 percent). And here's Spotify's gross margins: Spotify 2014 gross margin: 16.1 percent. 2015 gross margin: 13.7 percent. Spotify 2016 gross margin: 15.4 percent. In case you wanted to do a more direct comparison, the company's H1' 17 result of \$2.2 billion is, in fact, € 1.9 billion. What is notable however is how far Spotify - a private unicorn that has raised over \$1 billion and is valued at more than \$ 8 billion - managed to improve its gross profits in just one year. The 22 percent figure, provided that THE INFORMATION has a fully-loaded COGS number to riff from, is up more than 40 percent in a year's time. That is a dramatic change, and, given that the firm has huge revenues, implies a huge change in how it generates margins to pay for its operations. If the company can use its expanded gross profits to lower its net losses while avoiding expense creep, Spotify's March to IPO might not be as long as we expected.

EXHIBIT E PLAINTIFF FACTS FOR SUMMARY JUDGMENT - (5.) Plaintiff (Larry Reynolds) musical Works has been on Defendant (Spotify U.S.A.) music store and platform since launch in the USA, also, Spotify has reproduced and distributed Plaintiff musical Works without proper license, and in failing to obtain this proper license from Plaintiff along with not paying royalties, Spotify has managed to do quite well with the aid of Plaintiff musical Works, and in addition to helping people have more opportunities listen to Music. HOW SPOTIFY BUILT A \$ 20 BILLION BUSINESS BY CHANGING HOW PEOPLE LISTEN TO MUSIC Post is from - <https://producthabits.com/how-spotify-bult-a-20-billiin-business-by-changing-how> PLEADING TITLE - 6

1 people... In 2006, the  
2 landscape of the music industry was very different from what it is today, Peer-to-peer music  
3 sharing service Napster was long dead and buried, having been hunted to extinction by the  
4 Recording Industry Association of America's lawyers. Internet radio was still in its infancy; it  
5 would be two more years before iHeartRadio and Pandora launched their respective online radio  
6 stations. Even the music industry itself was struggling: Sales of physical media such as CDs had  
7 fallen consistently for the past several years, and the record labels themselves seemed to have  
8 few ideas. For Daniel Ek and Martin Lorentzon, two Swedish serial entrepreneurs, this presented  
9 an incredible opportunity. Convinced that there must be a better way for people to find and listen  
10 to New music, the two men began brainstorming ideas for their next business venture. That  
11 business was Spotify. Spotify has since become the most popular streaming music service,  
12 boasting more than 70 million paid subscribers. But how did they get there, and why did Spotify  
13 strike such a powerful chord with music fans? The secret behind Spotify's success is that the  
14 company identified a huge opportunity among music consumers, and then worked harder than  
15 any other company to reach product-market fit first. Napster laid the groundwork for Spotify's  
16 success by introducing a new way to listen to Music without the limitations of physical media or  
17 ownership. What made Spotify such a bold, ambitious idea was doing the same thing Napster  
18 did-but legally. Let's take a look at: How Spotify's relentless focus allowed the company to  
19 reach product-Market fit before anyone else in the streaming music space. EXHIBIT F  
20 PLAINTIFF FACTS FOR SUMMARY JUDGMENT - (6.) Plaintiff (Larry Reynolds) haven't  
21 received any royalties from his musical Works that's been reproduced and distributed by  
22 Defendant (Spotify U.S.A. INC.) and continues to profit from its streaming services and has built  
23 a \$20 Billion Business from the aid of Plaintiff Copyrighted musical Works that wasn't  
24 authorized by Plaintiff nor did Defendant have permission to reproduce and distribute. Posted  
25 from: THE WALL STREET JOURNAL, SONGWRITERS LOSE OUT ON ROYALTIES -  
26 Publishers say systems used by Spotify, others don't adequately keep track of who to pay - By  
27 Ethan Smith October 14, 2015 - (see, <https://www.wsj.com/articles/songwriters-lose-out-on-royalties-1444864894>)  
28 In the 10 months that ended this past January, Spotify users in the U.S.  
listened more than 708,000 times to "Out of Time" by the pop-punk band A Day to Remember,  
but the music-streaming service paid no songwriter royalties, according to data shared with the  
band's record label and music publisher. The omission wasn't an isolated event. Of... EXHIBIT



1 G PLAINTIFF FACTS FOR SUMMARY JUDGMENT - PLAINTIFF WASN'T

2 RECIEVING ROYALTIES (7.) While Defendant Spotify U.S.A. INC. was getting new funding  
3 for its music streaming services on June 10, 2015 Plaintiff (Larry Reynolds) wasn't receiving any  
4 royalties for his musical Works, not did Defendant Spotify had Plaintiff authorization to  
5 reproduce and distribute Plaintiff musical Works back in June of 2015.  
6

7 EXHIBIT H PLAINTIFF FACTS FOR SUMMARY JUDGMENT - (8.) Posted from:

8 <http://fortune.com/2015/06/10/spotify-number-users/> FORTUNE - SPOTIFY IS ADDING  
9 1 NEW SUBSCRIBER EVERY 3 SECONDS - By KIA KOKALITCHEVA June 10, 2015

10 Why did music streaming service Spotify just raise \$526 million in new funding? Because it now  
11 has 20 million users paying a monthly fee to avoid ads. The Swedish company confirmed the  
12 long-rumored funding round on Wednesday. It also unveiled some new user numbers. The  
13 company now has 75 million active users, 20 million of whom pay for ad-free Premium version  
14 of its service.  
15

16 Spotify added half of those 20 million paying users in the past year. That's one new subscriber  
17 every three seconds, as Spirit points out. Spotify also says it's paid out more \$3 billion in  
18 royalties to artist; \$300 million of that came in the first three more months of 2015 alone. The  
19 fairness of royalties Spotify (and other music services) pay music artist has been called into  
20 question repeatedly. Tidal, a subscriber-only service headed by rapped Jay-Z, claims to provide a  
21 fairer AI tentative. On Monday, Apple pie threw down the gauntlet when it finally presented its  
22 long-rumored Spotify competitor, Apple Music.  
23

24 EXHIBIT I PLAINTIFF FACTS FOR SUMMARY JUDGMENT - (9.) Posted from:

25 <https://www.Thiurrott.com> Home/ SPOTIFY ACTUALLY TURNED A PROFIT IN Q4  
26 2018 Spotify Actually Turned a Profit in Q4 2018 Posted on February 6, 2019 by Paul  
27 Thurrott in music + video, Spotify with 3 Comments In a surprise development, music  
28 streaming giant Spotify Posted it's first-ever profit in the quarter ending December 31, 2018. But  
don't worry, it probably won't happen again. "For the first time in company history, operating  
income, net income, and free Cash flow were all positive", a Spotify letter to shareholders

announced. It's not going to last: Spotify's surplus in the recent quarter was largely due to gains  
from its investment in the quarter. and Spotify forecasts a loss in every quarter in 2019, and for  
the entire year, in keeping with its financial trajectory since the service launched in 2008.

That's not to Spotify hasn't plenty of good news in the earnings report, and to its credit, Spotify is

surprisingly transparent and candid about how things are going. The firm provided plenty of data.

**KEY DATA POINTS INCLUDE:** monthly average user grew 29 percent year-over year to 207 million, exceeding expectations. That gain was attributed mostly to a 4th quarter promotion for a free Google Home Mini. "We believe home voice speakers are a critical area of growth, particularly for music and audio content", the firm noted. 7 million new subscribers were added during the 6-week campaign. Spotify is now available in 78 countries worldwide, up from 65 a year earlier. 40 percent of Spotify customers are in Europe, compared to 30 percent for North America, 20 percent for Latin America, and 10 percent for the rest of the World. Customers listened to over 15 billion hours of content during the fourth quarter alone. Of the \$1.71 billion in Q4 revenues, \$1.5 billion came from premium (paid) subscribers. Ad-supported revenue was a bit over \$ 200 million. Both grew revenues by over 30 percent. Over 300,000 creators use the Spotify for Artist platform on a monthly basis. Spotify announced that it is accelerating its investment in purchasing by acquiring two podcast firms, Gimlet media and Anchor. The firm plans to spend a total of \$400 million to \$500 million on "multiple acquisitions" in this area in 2019". Growing podcast listening on Spotify is an important strategy for driving top funnel growth, increased user engagement, lower churn, faster revenue growth, and higher margin", the firm explained. As for the future. Spotify expects to end 2019 with 245-265 million active users, of which 117-127 million will be paid premium subscribers. It expects to post an operating loss of \$ 228 million to \$411 million on revenue of \$7.24 billion to \$7.76 billion this year.

#### EXHIBIT J PLAINTIFF FACTS FOR SUMMARY JUDGMENT - ROYALTY RATES AND

TRRMS (10.) Plaintiff (Larry Reynolds) (Exhibit J), of Royalty Rates and Terms for Making Ephemeral Copies of Sound Recordings for Transmission to Business Establishments from:

LIBRARY OF CONGRESS COPYRIGHT ROYALTY BOARD - 60362 Federal Register Vol. 85, No. 227 Monday November 26, 2018/Rules and Regulations - LIBRARY OF CONGRSS 8copyright Royalty Board 37 CFR Part 384 [Docket No. 17-CRB-0001-BER (2019-2023)] - Determination of Royalty Rates and Terms for Making Ephemeral Copies of Sound Recordings

for Transmission to Business Establishments (Business Establishment III) - AGENCY: Copyright

Royalty Board, ACTION: Final rule. SUMMARY: The Copyright Royalty Judges (Judges)

published final regulations setting rates and terms for the making of an ephemeral recording of a

sound recording by a business establishment service for the period January 1, 2019, through

December 31, 2023. Dates: Effective date: January 1, 2019. ADDRESS: For access to the

docket to read submitted background documents go to eCRB, the Copyright Royalty Board's electronic filing and case management system, at [https://app. Can. gov/](https://app.crb.gov/) and search for docket number 17-CRB-0001-BER (2019-2023). FO FURTHER INFORMATUON CONTACT: Anita Blaine, CRB Program Specialist, by telephone at (202) 707-7658 or email at [crb@loc.gov](mailto:crb@loc.gov).

SUPPLEMENTARY INFORMATION: In 1995, Congress enacted the Digital Performance Right in Sound Recordings Act, Public Law 104-39, which created an exclusive right, subject to certain limitations, for copyright owners of sound recordings by means of certain digital audio transmissions. Among the limitation on the performance right was the creation of a statutory license for non-exempt, noninteractive digital subscription transmissions. 17 U.S.C. 114 (d). The scope of the section 114 statutory license was expanded in 1998 upon the passage of the Digital Millennium Copyright Act of 1998 (DMCA), Public Law 105-34. The DMCA created, inter alia, a statutory license for the making of an "ephemeral recording " of a sound recording by certain transmitting organizations. 17 U.S.C. 112 (e). This license, among other things, allows entities that transmit performances of sound recordings to Business establishments to make an ephemeral recording of a sound recording for later transmission, pursuant to the limitations set forth in section 114 (d) (1) (iv). Chapter 8 of the Copyright Act requires the Judges to conduct proceedings every five years to determine the royalty rates and terms for " the activities described in section 112 (e) (1) relating to the limitation on exclusive rights specified by section 114 (d) (1) (c) (iv) ". 17 U.S.C. 801 (b) (1), 804 (b) (2). etc. - 384.3 Royalty fees for ephemeral recordings. (a) Basic royalty rate. (1.) For the making of any number of Ephemeral Recordings in the operation of a Business Establishment Service, a License shall Pay a royalty equal to the following percentages of such Licensee's, "Gross Proceeds" derived from the use in such service of musical programs that are attributable to copyrighted recording: Year 2019. . . . 12.5% Year 2020. . . . 12.75 Year 2021. . . . 13.0 Year 2022. . . . 13.25 Year 2023. . . . 13.5 (2) "Gross Proceeds" as used in this section means all fees and payments, including those made in kind, received from any source before, during or after the License Period that are derived from the use of copyrighted sound recordings during the License Period pursuant to 17 U.S.C. 112 (e) for the sole purpose of facilitating a transmission to the public of a performance of a sound recording under the limitation on exclusive rights specified in 17 U.S.C. 114 (d) (1) (C) (iv). The attribution Of Gross Proceeds to copyrighted classical recording bears to the total playing time of all classical recording in the program; and (ii) For all other programs,

the proportion that the number of copyrighted recordings bears to the total number of all recording in the program. EXHIBIT K PLAINTIFF FACTS FOR SUMMARY JUDGMENT - ROYALTY FEES AND PAYMENTS (11.) Royalty fees and payments for ephemeral recordings in the operation of a Business Establishment Service, a Licensee (Spotify) shall pay a royalty equal to that percentage of such Licensee's, "Gross Proceeds" derived from the use in such service of musical programs that are attributable to copyrighted recording. (2) "Gross Proceeds" as used in this section means all fees and payments, including those made in kind, received from any source before, during or after the License Period d that are derived from the use of copyrighted sound recordings during the License Period pursuant to 17 U.S.C. 112 (e) for the sole purpose of facilitating a transmission to the public of a performance of a sound recording under the limitation on exclusive rights specified in 17 U.S.C. 114 (d) (1) (C) (iv). Royalty Fees and payments for ephemeral recordings of "Gross Proceeds" to Plaintiff (Larry Reynolds) is: 12.5%. Defendant Monthly Gross Revenues in Q4 2018 was \$1.71billion, -Spotify post December 31, 2018 to shareholders. (Plaintiff)  $12.5\% \times (\text{Spotify U.S.A Inc.}) \$1.71 \text{ billion} = \$213,750,000,00$  (Royalty fees and payments to Plaintiff (Larry Reynolds for Ephemeral Recordings pursuant to 17 U.S.C. 112 (e) and 17 U.S.C. 17 114 (d) (1) (C) (iv). Royalty fees for Ephemeral Recordings Plaintiff (Larry Reynolds) 12.5%. Defendant (Spotify U.S.A. Inc.) Premium (paid) subscribers \$1.5 billion Royalty fees for Ephemeral Recordings Plaintiff (Larry Reynolds) 12.5% Defendant (Spotify U.S.A. Inc.) Ad - Supported Revenue 12.5% X \$200,000,000, (Q4) = \$2, 500,000, (L) PLAINTIFF FACTS FOR SUMMARY JUDGMENT - PATENTS AND COPYRIGHTS (12.) U.S.C. 1400. Patents and copyrights, mask work, and designs - (a) Civil actions, Suits, or proceedings arising under any Act of Congress relating to copyright or exclusive rights in mask works or designs may be instituted in the district in which the defendant or his agent resides or may be found. (b) Any civil action for patent infringement may be brought in the Musical District where the defendant resides, or where the defendant has committed acts of infringement and has regular and established place of business.

#### EXHIBIT M PLAINTIFF FACTS FOR SUMMARY JUDGMENT - CRIMINAL

OFFENCES AND PENALTIES (13.) 17 U.S.C. Code 1204. Criminal offences and penalties

(a) IN GENERAL. - Any person who violates section 1201 or 1202 willfully and for purpose of commercial advantage or private financial gain (1) shall be fined not more than \$500,000 or imprisoned for not more than 5 years, or both, for the first offense; and (2) shall be fined fined

not more than \$1,000,000 or imprisoned for not more than 10 years, or both, for any subsequent offense. EXHIBIT N PLAINTIFF FACTS FOR SUMMARY JUDGMENT (14.) 17 U.S.C.

501. Infringement of copyright (a) Anyone who violates any of the exclusive rights of the copyright owner as provided by sections 106 through 122 or of the author as provided in section 106A (a), or who imports copies or phonorecords into the United States in violation of section 602, is a infringed of the copyright or right of the copyright or right of the author, as the case may be. For the purpose of this chapter (other than section 506), any reference to copyright shall be deemed to include the rights conferred by section 106A (a). As used in this subsection, the term "anyone" includes any state, any instrumentality of a state, and any officer or employee of a state or instrumentality of a state acting in his or her official capacity. Any state, and such instrumentality, officer, or employee, shall be subject to the provisions of this title in the same manner and to the same extent as any nongovernmental entity.

(b) The legal or beneficial owner of an exclusive right under a copyright is entitled, subject to the requirements of section 411, to institute an action for any infringement of that particular right committed while he or she is the owner of it. The Court may require such owner to serve written notice of the action with a copy of the complaint upon any person shown, by the recording the Copyright Office or claim an interest in the copyright, and shall require that such notice be served upon any person whose interest is likely to be affected by a decision in the case. The Court may require the joiner, and shall permit the intervention, if any person having or claiming an interest in the copyright. EXHIBIT O-A - PLAINTIFF FACTS FOR SUMMARY

JUDGMENT (15.) CIRCUMVENTION, DEVICE, PRODUCT, COMPONENT, OFFER, OR PERFORMANCE OF SERVICE - 17 U.S.C. Code 1203. Civil remedies (a) CIVIL ACTION. -

Any person injured by a violation of section 1201 or 1202 may bring a civil action in an appropriate united states district court for such violation. (b) POWER OF THE COURT. - In an action brought under subsection (a), the Court - may grant temporary and permanent Injunctions on such terms as it seems reasonable to prevent or restrain a violation, but in no event shall

impose a prior restraint on free speech, or the prep protected under the 1st amendment to the

Constitution; EXHIBIT P-B - PLAINTIFF FACTS FOR SUMMARY JUDGMENT (16.)

CIRCUMVENTION, DEVICE, PRODUCT, COMPONENT, OFFER, OR PERFORMANCE

OF SERVICE - (1) IN GENERAL.- Except as otherwise provided in this title, a person

committing a violation of section 1201 or 1202 is liable for either - (A) the actual damages and

PLEADING TITLE - 12



any additional profit of the violator, as provided in paragraph (3). (2) ACTUAL DAMAGE. -

The court shall award to the complaining party the actual damages suffered by the party as a result of the violation, and any profits of the violator that are attributable to the violation and are not taken into account in computing the actual damages, if the complaining party elects such damages at the time before final judgment is entered. EXHIBIT Q-C - PLAINTIFF FACTS

FOR SUMMARY JUDGMENT - (17) CIRCUMVENTION, DEVICE, PRODUCT, COMPONENT, OFFER, OR PERFORMANCE OF SERVICE - STATUTORY DAMAGES.

[Plaintiff (Larry Reynolds) Summary Damages for Transmitting Performances of (76 musical works): (A.)(17.)violation of U.S.C.1201 (minimum damage sum):  $\$200 \times 76 = \$15200$

(B.)(17.)violation of U.S.C. 1201 (or more than):  $\$2,500 \times 76 = \$190,000$  (C.)(17.) violation of 17 U.S.C. (minimum damage sum):  $\$2,500 \times 76 = \$190,000$  (D.)(17.) violation of 17 U.S.C.

1202 (or more than):  $\$25,000 \times 76 = \$1,900,000$ , - At any time before final judgment is entered, a complaining party may elect to recover an award of statutory damages for each violation of

section1201 in the sum of not less than \$200 or more than \$2,500 per act circumvention, device, product, component, offer, or performance of service, as the Court consider just. (B) At any time

before final judgment is entered, a complaining party may elect to recover an award of statutory damages for each violation of section1202 in the sum of not less than \$2,500 or more than

\$25,00. EXHIBIT R - PLAINTIFF FACTS FOR SUMMARY JUDGMENT - LEVEL OF

DAMAGES FOR COPYRIGHTED MUSICAL WORKS (18.) LEVEL OF DAMAGES FOR

COPYRIGHTED MUSICAL WORKS, in the United States, statutory damages are set out in 17 U.S.C.504 of the U.S. Code. The basic level of damages is between \$750 and \$30,000 per work,

at the discretion of the court. Plaintiffs who can show willful infringement may be entitled to

damages up to \$150,000 per work. - PLAINTIFF (Larry Reynolds) - STATUTORY DAMAGES

INVOLVING DEFENDANT (Spotify U.S.A. Inc.) (A.) (12.) violations of 17 U.S.C. 504 of the U.S. Code: (minimum statutory damages):  $\$750 \times 76 = \$57,000$  (76 songs). (B.)(18.)

violations of 17 U.S.C. the U.S. Code (or \$30,000 damages, or more):  $\$30,000 \times 76 = \$2,280,$

000 (76 songs) (C.)(18.) - ("Willful" Copyright violations) -17 U.S.C the U.S. Code, ( \$150,000

$\times 76 = \$1,140,000$ ) EXHIBIT S PLAINTIFF FACTS FOR SUMMARY JUDGMENT -

PLAINTIFF ON SPOTIFY WEB PLAYER (19.) Plaintiff (Larry Reynolds) musical works

reproduced and distributed on Defendant (Spotify USA INC.) - Spotify Web Player - Spotify:

(Search, Browse, Radio, Your Music, Follow). 3 CD albums and more etc. - (1) L.P. Reynolds A

PLEADING TITLE - 13

1 Heavenly Christmas Cheers, (2) L.P. Reynolds Christmas, Supersaint (LP Reynolds) -  
2 <https://play.spotify.com/artist/OrnxCaZf6Uww2EYJwrJ3Ew>  
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8 Dated: May 13, 201

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Larry Reynolds  
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**EXHIBIT (1A)**  
**CIVIL ACTION**  
**AND FACTS FOR**  
**SUMMARY**  
**JUDGMENT**

**EXHIBIT (A)**

PLAINTIFF FACTS FOR  
SUMMARY JUDGMENT  
THATS NOT IN DISPUTE,  
AND ALSO IN SUPPORT  
OF SUMMARY  
JUDGMENT

EXHIBIT (B)  
NEW YORK-  
BUSINESS

**EXHIBIT (C)**

**JAMES**

**DUFFETT**

**SMITH MUSIC**

**LICENSING**

**STUDY**



EXHIBIT (D)  
DEFENDANT  
QUARTERLY  
STATEMENT

EXHIBIT (E)

# HOW SPOTIFY BUILT A \$20 MILLION BUSINESS EXHIBIT (F)

# THE WALL STREET JOURNAL

EXHIBIT (G)  
PLAINTIFF  
WASN'T

RECEIVING  
ROYALTIES

EXHIBIT (H)  
SPOTIFY IS  
ADDING 1 NEW  
SUBSCRIBER

EVERY 3  
SECONDS  
EXHIBIT (I)  
SPOTIFY  
ACTUALLY  
TURNED A  
PROFIT IN Q4  
2018

# EXHIBIT (J)

## U.S COPYRIGHT ROYALTY RATES & TERMS

# EXHIBIT (K)

## U.S. COPYRIGHT



**ROYALTY FEES  
& PAYMENTS  
EXHIBIT (L)  
U.S CODE 1400  
PATENTS &  
COPYRIGHTS**

# EXHIBIT (M)

## U.S CODE 1204

# EXHIBIT (N)

U.S CODE 501  
INFRINGE OF  
COPYRIGHT

EXHIBIT (Q-A)  
U.S CODE 1203

**EXHIBIT (P-B)**

**1203**

**IN GENERAL**

# EXHIBIT (Q-C)

# STATUTORY

# DAMAGES

EXHIBIT (R)  
17 U.S.C  
504 OF THE U.S  
CODE

EXHIBIT (S)  
PLAINTIFF



(LARRY  
REYNOLDS (L.P  
REYNOLDS) ON  
SPOTIFY)

Before the  
UNITED STATES COPYRIGHT OFFICE  
Library of Congress

Notice of Inquiry	)	
	)	
Music Licensing Study: Notice and	)	Docket No. 2014-03
Request for Public Comment	)	
	)	

COMMENTS OF SPOTIFY USA INC.

James Duffett-Smith  
Spotify USA Inc.  
45 W. 18<sup>th</sup> Street, 7<sup>th</sup> Floor  
New York, N.Y. 10011  
*Head of Licensing Business Affairs,*  
*Spotify USA Inc.*

May 23, 2014

### Introduction and Summary

Spotify USA Inc. (“**Spotify**”) respectfully submits these comments in response to the Copyright Office’s Notice of Inquiry (the “**NOI**”) for a Music Licensing Study: Notice and Request for Public Comment, published in the Federal Register on March 17, 2014. 78 Fed. Reg. 14739 (Mar. 17, 2014). We appreciate the opportunity to participate in the Copyright Office’s evaluation of the effectiveness of existing methods of licensing music for the purposes of preparing a report to Congress on potential revisions to the United States Copyright Laws (the “**Copyright Laws**”).

Spotify is the largest interactive streaming music service in the United States, offering consumers the ability to receive digital audio transmissions of sound recordings and the musical works embodied therein on an interactive and noninteractive basis from a library that is currently over 20 million songs (the “**Spotify Service**”). Worldwide, the Spotify Service has more than 40 million active users, of whom 10 million are paying subscribers.

To operate the Spotify Service, Spotify needs to secure multiple rights from multiple copyright owners. These rights include, among others, the right to reproduce sound recordings and the musical works embodied therein, the right to distribute sound recordings and the musical works embodied therein, and the right to publicly perform sound recordings and the musical works embodied therein by means of digital audio transmissions.

Spotify secures the right to reproduce, distribute, and publicly perform sound recordings either from individual sound recording copyright owners or distributors (record labels and aggregators). It has in the past in the case of noninteractive digital audio transmissions of sound recordings where only the reproduction and public performance rights of sound recording copyright owners are implicated secured rights pursuant to the statutory licenses set forth in Sections 112 and 114 of the United States Copyright Act (the “**Copyright Act**”). Spotify secures the right to reproduce and distribute the musical works embodied in sound recordings either from musical work copyright owners (typically music publishers) through its licensing administrator Harry Fox or pursuant to the statutory license set forth in Section 115 of the Copyright Act. Spotify secures the right to publicly perform the musical works embodied in sound recordings from the three performing rights organizations (“**PROs**”) in the United States (i.e., ASCAP, BMI, and SESAC).

All of these licenses are secured pursuant to the legal regime created by the Copyright Act, which has a significant impact on how Spotify operates the Spotify Service. Globally, Spotify pays out around 70% of all money that it receives to rightsholders which from launch of the service to date has amounted to over \$1bn. The process of securing all of these rights is time consuming, expensive, and often inefficient. Spotify’s parent company had already been operating a version of the Spotify Service outside of the United States for 3 years before launching in the United States on 14 July 2011, with the U.S.-delay resulting from the difficulty of securing enough rights from copyright owners such that a sufficiently compelling music product could be offered to the consumer.

Spotify welcomes the Copyright Office’s inquiry into the effectiveness of the current means for licensing the rights to music in the United States. Spotify believes that should there be changes made to the Copyright Laws in no circumstances should they be amended in a way that creates more

inefficiencies, more uncertainty, and more impediments to innovation that has rewarded creators, consumers, and entrepreneurs.

Spotify strives to offer American consumers a compelling product. The company also believes that authors, artists, and copyright owners deserve to be paid fair compensation for their creative efforts. The Copyright Laws are balanced at the moment and, while in need of modernisation in some relatively small respects, do allow Spotify to conduct its business for the benefit of American consumers, authors, and creators. We would hope that through this study effort, the Copyright Office will take into account the competing – but co-dependent - interests of authors and creators, licensees, and the public and not to disturb the current balance of the Copyright Laws.

Spotify's specific responses to certain of the Copyright Office's questions are set forth below. As a general matter, however, Spotify believes that any reforms to the Copyright Laws should ensure the following:

- Authors and performers receive fair compensation for their creative works.
- Royalties payable for “music” – sound recordings and the musical works embodied therein – have a rational relationship to one another so that the fees established for the use of one copyrighted work take into consideration the fees paid for the use of the other.
- Section 115 is modernized so that there is an efficient mechanism for licensing large numbers of musical works, the ownership of which is often split among multiple parties. This could involve licensing on a blanket basis, whether voluntary or compulsory.
- Collective action by rights owners continues to be subject to government oversight and regulation so that competitors may not act in concert to harm competition.
- Collective licensors are obligated to disclose in a transparent and real-time basis the copyrighted works and the sound recordings in which they are embodied that they are authorized to license and those to which they have lost the right to license within the past 3 months.
- The current balance in the Copyright Laws between the interests of authors, creators, licensees and the public remains.

### **Musical Works**

#### ***1. Please assess the current need for and effectiveness of the Section 115 statutory license for the reproduction and distribution of musical works.***

The section 115 statutory license is an indispensable component to facilitating a vibrant marketplace for making millions of sound recordings available to the public on commercially reasonable terms.

Today's on-demand streaming services compete not only on functionality but also on, among other things, the breadth of catalog made available to consumers. That most often requires a service to offer content that suits the demands and expectations of all users – from those who want today's

In the case of Spotify, the company has had to secure the rights to millions of individual copyrighted works, many of which were secured pursuant to the Section 115 license. But when doing so, Spotify first had to be able to identify the copyright owners of each work, had to obtain contact information for those owners, and then ensure that a notice of use was provided to such owners prior to first use. To do this, Spotify had to rely upon the services of third party rights administrators, who themselves often struggle with securing the necessary information to submit a compliant notice of pursuant to the statutory license.

These problems are particularly magnified when dealing with new releases, which consumers expect a service such as Spotify to have available on the day of public release. Where a record label licenses Spotify to use a new release on the Spotify Service to coincide with the “street date” of such release, Spotify may only make the sound recordings from that release available on the Spotify Service if Spotify has secured licenses to the underlying musical works. In some cases Spotify may have a direct license in place, via its administrator with some of the copyright owners that own an interest in the musical works embodied in the sound recordings on the new release. But where its administrator does not obtain a direct licence, Spotify has to obtain a license pursuant to Section 115.

A Section 115 license can only be secured, however, where Spotify can identify the copyright owners of the musical works embodied in that release. Record label licensors of Spotify are not prepared to notify Spotify of such ownership interests and Spotify may not be able to identify the copyright owners from the sound recordings provided to Spotify. Thus, new releases that record labels and artists want to have widespread distribution may not be made publicly available on the Spotify Service due to a lack of information that enables Spotify to avail itself of the Section 115 license.

The requirement that a rightsholder be identified before a Section 115 licence can take effect also creates strange effects when looked at in conjunction with the blanket licences provided by the PROs. Where a copyright owner is not known by Spotify’s licensing administrator Harry Fox (“HFA”), HFA conducts copyright research to try and identify them. One source that HFA uses is the databases of the PROs, but they are considered by HFA to be secondary sources, which means that HFA will write to the person listed as the owner to confirm the accuracy of the information and the share of the copyright owned. If that person does not respond to HFA then it will not be able to comply with the formalities required for the Section 115 licence so that work will not have a mechanical licence to be made available on Spotify’s services. On the other hand, if the work is listed in the PRO database then it will be covered by Spotify’s blanket licence from the PRO. This means that in some cases, Spotify will be licensed for performing, but not mechanical rights in the same composition. This would not be an issue if there were a blanket licence available for mechanical rights, or if there were a database that could be relied on in order to comply with Section 115.

An additional inefficiency of the Section 115 license arises from the fact that each copyright owner of each work has to be notified in advance prior to first use by each licensee. But if the intent of the license is to facilitate licensing and provide copyright owners with compensation for use, then it seems unnecessary to require streaming services to provide individual copyright owners with notice prior to use. Copyright owners are presumably already placed on notice of a use by the record labels that are manufacturing and distributing phonorecords to the public. As a result, the

## FORTUNE

### Spotify is adding 1 new subscriber every 3 seconds

By KIA KOKALITCHEVA June 10, 2015

Why did music streaming service Spotify just raise \$526 million in new funding? Because it now has 20 million users paying a monthly fee to avoid ads.

The Swedish company confirmed the long-rumored funding round on Wednesday. It also unveiled some new user numbers. The company now has 75 million active users, 20 million of whom pay for the ad-free Premium version of its service.

Spotify added half of those 20 million paying users in the past year. That's one new subscriber every three seconds, as Spotify points out.

Spotify also says it's paid out more \$3 billion in royalties to artists; \$300 million of that came in the first three months of 2015 alone. The fairness of royalties Spotify (and other music services) pay music artists has been called into question repeatedly. Tidal, a subscriber-only service headed by rapped Jay-Z, claims to provide a fairer alternative.

On Monday, Apple threw down the gauntlet when it finally presented its long-rumored Spotify competitor, Apple Music.



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Blog

# How Spotify Built a \$20 Billion Business by Changing How People Listen to Music

In 2006, the landscape of the music industry was very different from what it is today. Peer-to-peer music sharing service Napster was long dead and buried, having been hunted to extinction by the Recording Industry Association of America's lawyers. Internet radio was still in its infancy; it would be two more years before iHeartRadio and Pandora launched their respective online radio stations. Even the music industry itself was struggling: Sales of physical media such as CDs had fallen consistently for the past several years, and the record labels themselves seemed to have few ideas

For Daniel Ek and Martin Lorentzon, two Swedish serial entrepreneurs, this presented an incredible opportunity. Convinced that there must be a better way for people to find and listen to new music, the two men began brainstorming ideas for their next business venture.

That business was Spotify.

Spotify has since become the most popular streaming music service, boasting more than 70M paid subscribers. But how did they get there, and why did Spotify strike such a powerful chord with music fans?

The secret behind Spotify's success is that the company identified a huge opportunity among music consumers, and then worked harder than any other company to reach product-market fit first. Napster laid the groundwork for Spotify's success by introducing a new way to listen to music without the limitations of physical media or ownership. What made Spotify such a bold, ambitious idea was doing the same thing Napster did—*but legally*.

Let's take a closer look at:

- How Spotify's relentless focus allowed the company to reach product-market fit before anyone else in the streaming music space

TECH

# Songwriters Lose Out on Royalties

Publishers say systems used by Spotify, others don't adequately keep track of whom to pay

By *Ethan Smith*

October 14, 2015

In the 10 months that ended this past January, Spotify users in the U.S. listened more than 708,000 times to “Out of Time” by the pop-punk band A Day to Remember, but the music-streaming service paid no songwriter royalties, according to data shared with the band’s record label and music publisher.

The omission wasn’t an isolated event.

Of...

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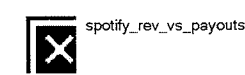
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The More Money Spotify Makes, The Less Artists Get Paid...

👤 [Jeff Price](#) ([https://www.digitalmusicnews.com/author/jprice/](#)) ⌚ June 11, 2015  
💬 [60](#) ([https://www.digitalmusicnews.com/2015/06/11/the-more-money-spotify-makes-the-less-artists-get-paid/#comments](#))



[\(http://dmnrocks.wpengine.com/wp-content/uploads/2015/06/spotify\\_rev\\_vs\\_payouts.jpg\)](#)

The following guest post comes from Jeff Price, one of the original founders of Tunecore and more recently, Audiam, a company whose mission is to gets rights holders paid from the digital use of their music.

Spotify just posted a blog ([https://news.spotify.com/uk/2015/06/10/20-million-reasons-to-say-thanks/](#)) stating...

*"As we grow, the amount of royalties we pay out to artists, songwriters and rights holders continues to climb faster than ever. We have now paid more than \$3 billion USD in royalties, including more than \$300 million in the first three months of 2015 alone. That's good for music, good for music fans... and good for music makers."*

There is good news in their numbers. Unfortunately, that's only part of the story.

**In 2014, as Spotify's Gross Revenue, subscribers and music royalty pool went up, the amount artists, songwriters, publishers and labels were paid went DOWN.**

You can see this trend in the graph I posted at the top of this article. You can also see the decline across various metrics:

**Some Notable Spotify Premium Statistics From January, 2014 to December, 2014.**



# Explore Rapidly Emerging Music with 3 Data-Crunching Playlists

Posted on June 2, 2015 by Eliot Van Buskirk  
(<https://insights.spotify.com/us/author/eliotvb/>)



(<https://spotifyinsights.files.wordpress.com/2015/06/hayhay.png>)

When he announced the new Spotify (<https://news.spotify.com/2015/05/20/say-hello-to-the-most-entertaining-spotify-ever/>) in New York last week, Spotify CEO Daniel Ek introduced the world to three music experts who are helping to curate music specifically for Spotify users, including the latest emerging tracks from their genres of expertise: Tuma Basa (<https://open.spotify.com/user/125174495>) (hip-hop), Austin Kramer (<https://open.spotify.com/user/austinkramer>) (electronic), and Mjeema Picket (<https://open.spotify.com/user/124375334>) (R&B), to name a few.

As the largest on-demand music service on the planet, with over 25 billion listening hours and over 60 million monthly active users, Spotify also has plenty of anonymized listening data. Understanding which music is bubbling up from that community requires algorithms. As such, helping music lovers find music requires both experts and machines.

You can find popular music charts in Spotify Browse, among other places. What you probably *don't* have is an incredibly easy way to audition cutting-edge, emerging music from around the world — the songs and artists that are juuuuuust starting to get people's attention. The following data-crunching music discovery tools look like regular playlists, but they actually draw on all of Spotify to update with new songs every weekend, so they always provide a fresh mix of fast-rising music, ranging from obscure, deep tracks to potentially big hits.

If you're just going to follow one, make it The Needle – Current (<https://open.spotify.com/user/thesoundsofspotify/playlist/7xom7CO8dOHxx9fnGwwrnO>), which was so named for the realization creator Glenn McDonald (<http://www.furia.com/page.cgi?type=log&id=438>) had while looking for the proverbial needle in the haystack: "The haystack doesn't conceal needles, the haystack is made of needles."

Let's explore.

## The Needle: Current (<https://open.spotify.com/user/thesoundsofspotify/playlist/7xom7CC> – Potential Hits

## Sort by Focus

- About  
(<https://insights.spotify.com/us/category/about/>)
- Events  
(<https://insights.spotify.com/us/category/events/>)
- Inside Music  
(<https://insights.spotify.com/us/category/inside-music/>)
- Methodology  
(<https://insights.spotify.com/us/category/inside-music/methodology/>)
- People  
(<https://insights.spotify.com/us/category/people/>)
- Places  
(<https://insights.spotify.com/us/category/places/>)
- Time  
(<https://insights.spotify.com/us/category/time/>)
- RSS - Posts

(<https://insights.spotify.com/us/feed/>)

## Audiographic Map



(<https://spotifymaps.github.io/musicalcit>)  
*Listen to what people in many countries and over a thousand cities are uniquely into now.*

PRESS RELEASE DETAILS

VIEW ALL NEWS

# Spotify Technology S.A. Announces Financial Results for Fourth Quarter 2018

02/06/2019

NEW YORK--(BUSINESS WIRE)--

Spotify Technology S.A. (NYSE:SPOT) today reported financial results for the fourth fiscal quarter of 2018 ending December 31, 2018.

This press release features multimedia. View the full release here: <https://www.businesswire.com/news/home/20190206005298/en/>

Dear Shareholders,

Results for Q4 2018 outperformed our expectations and, for the first time in company history, Operating Income, Net Income, and Free Cash Flow were all positive.

MONTHLY ACTIVE USERS

MAUs grew 29% Y/Y to 207 million, outperforming the high end of our 199-206 million MAU guidance range. This outperformance was broad based, with growth in most markets exceeding our expectations, primarily as a result of improved retention relative to our forecast. Latin America and other emerging regions continue to see especially strong growth.

During Q4 our footprint expanded to 78 countries from 66 as we launched our service across 13 countries in the Middle East and North Africa in mid-November. Performance to date has exceeded our initial expectations, and we hope to build on this momentum in 2019.

We also reached an important milestone as users listened to more than 15 billion hours of content on the platform during Q4. Importantly, engagement grew across both the Ad-Supported and Premium tiers.

PREMIUM SUBSCRIBERS

Premium Subscribers reached 96 million, up 36% Y/Y, hitting the high end of our guidance range of 93-96 million. Outperformance was largely attributable to better than expected intake from our Google Home promotion and annual Holiday campaign.

Our Google Home promotion marked the first ever hardware bundle offering in company history. For a limited time during Q4, master account holders of our Family Plan in the US were able to claim a Google Home Mini speaker free of charge. We believe home voice speakers are a critical area of growth, particularly for music and audio content, and we are evaluating a number of ways to explore and refine our offering in this arena.

We ran our annual Holiday conversion promotion during Q4, which outperformed our expectations for new subscriber additions. Over the course of 6 weeks, almost 7 million subscribers were added through this campaign, including a single day record of almost 500,000. In December, we also launched our annual Wrapped Holiday brand campaign where existing users were able to explore stats about their listening habits throughout the year. The campaign saw the



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# Say hello to the most entertaining Spotify ever

...



 **Meredith** / Community Manager / 2015-05-22 09:15 AM

We are on a mission. With over 25 billion listening hours under the hood since our launch seven years ago, we're obsessed with figuring out how to bring music into every part of your life, wherever you are, whatever you're doing, whatever your mood. More than ever, you're telling us what you want: the best music to fit your mood and moment mixed with great entertainment throughout your day. We understand that *how* music fits into your life is as powerful as the music itself. So this week we're rolling out a richer mobile music experience built around your day, bringing you the music you love when you need it most. Introducing:

- **The Now start page.** From the time you wake up until tonight's party, the Now start page serves you the right music day and night. Need a Monday morning playlist pick-me-up? Done. The right tunes to help you focus after lunch? We've got you covered. And because Now learns what you like, you'll be sure to hear the right music – selected from our in-house experts and your personal collection – whatever the occasion. Recommendations will adapt over time to fit your taste and mood.

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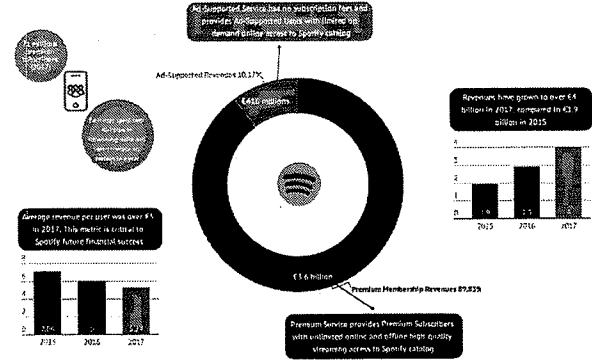
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ABOUT BUSINESS MODELS BUSINESS STRATEGY MARKET SEGMENTATION

Spotify Business Model

Spotify is a two-sided marketplace where artists and music fans encounter on a single platform. Founded in 2008 with the belief that music should be universally accessible with a seamless experience based on streaming audio and video. It generated over \$4 billion in 2017, of which almost 90% based on premium memberships and 10% based on a free service which is ad-supported. The company recorded an operating loss of \$379 million in 2017.



Gennaro Cuofano

International MBA,  
Head of Business  
Development for  
WordLift.io and cre-  
ator of Four-  
WeekMBA.com.

Gennaro gained  
over eight years of  
experience in the  
international man-  
agement field. In  
2015 he started this  
blog that focuses  
on business model-  
ing, growth market-  
ing, and digital mar-  
keting. Read  
More...

# How Does Spotify Make Money? Spotify Business Model In A Nutshell

Spotify is a two-sided marketplace where artists and music fans encounter on a single platform. Its business model is based on a freemium with a free ad-supported service and a paid membership. Founded in 2008 with the belief

that music should be universally accessible with a seamless experience based on stream-

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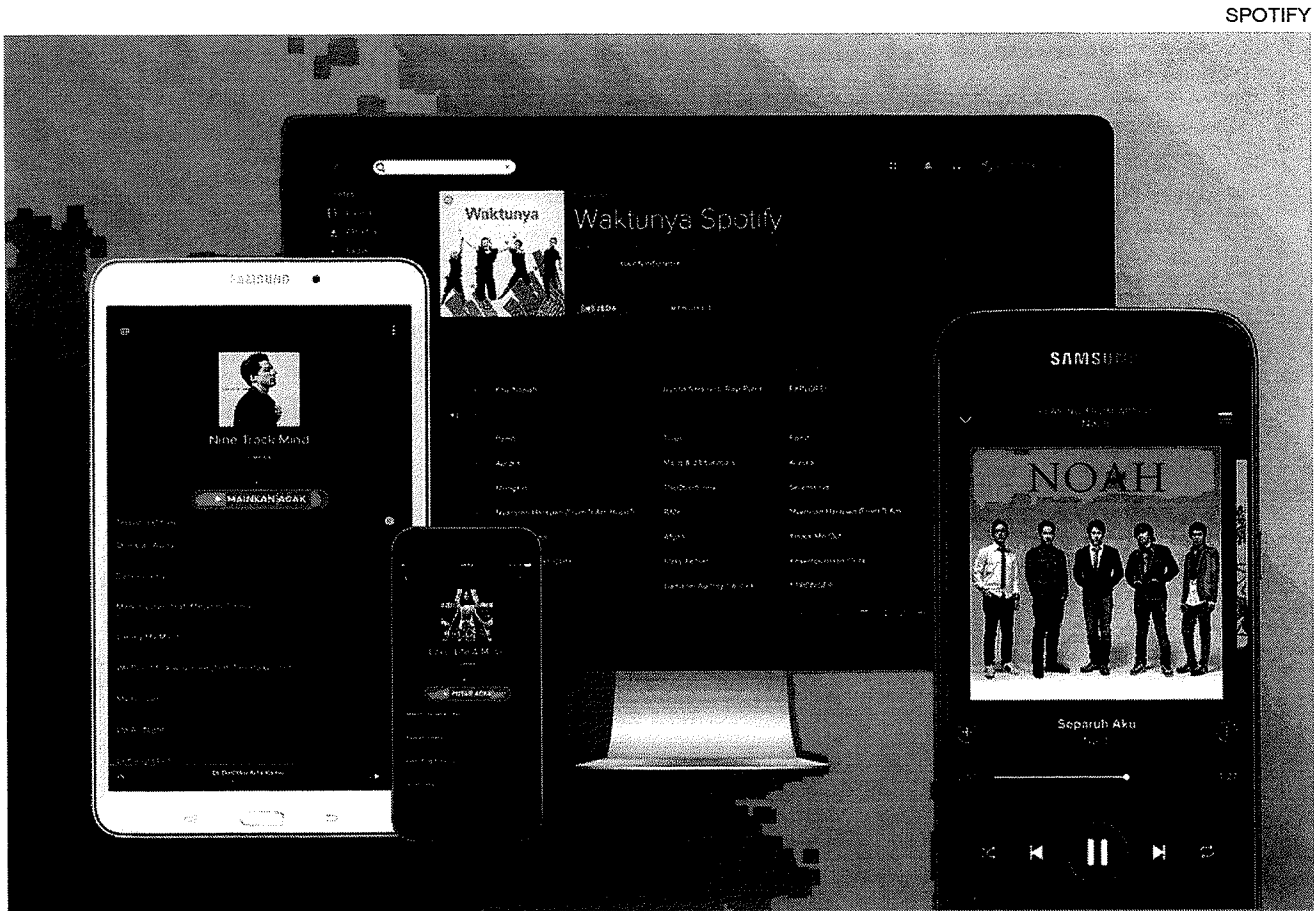
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# What is Spotify and how does it work?

Adrian Willings | 18 July 2018



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Jan 3, 2018, 11:39 am EDT

## Can Spotify Survive This \$1.6 Billion Music Publisher Lawsuit?

*The Spotify lawsuit has been filed on behalf of songwriters, including Neil Young and Stevie Nicks*

By BRAD MOON, InvestorPlace Contributor

🔗 <http://bit.ly/2IPx4Mg>



Ads By ZEDO

Source: Spotify

**Spotify** continues to outpace **Apple Inc.'s** (NASDAQ:[AAPL](#)) Apple Music in the battle for streaming music dominance. But as Spotify gets closer to launching its expected IPO, it has hit a major bump in the road.

The bad news isn't about subscribers, it's about the music it streams. Spotify is being sued by **Wixen Music Publishing**, claiming the company has been using thousands of songs from artists it represents, without a license. The Spotify lawsuit is claiming damages of \$1.6 billion, in a move that could jeopardize the timing of any Spotify IPO.

The lawsuit also exposes the sometimes shaky foundation streaming music services are built upon due to the tangled web of copyright holders involved in the music industry. AAPL stock is up over 1.7%, but if it were Apple Music in the publisher's sights this time instead of Spotify, that wouldn't be the case.

### Spotify Lawsuit Launched

In its Spotify lawsuit filed on Dec. 29, Wixen Music Publishing is seeking compensation on behalf of its client musicians. Wixen says Spotify has been streaming their music without a license or payment.

*TechCrunch* posted a copy of the full legal filing. In it, Wixen claims:

"Spotify has approximately 30 million songs in its catalogue. According to one report, Spotify failed to pay songwriter royalties to a publishing company approximately 21% of the time.

TECH

# Songwriters Lose Out on Royalties

Publishers say systems used by Spotify, others don't adequately keep track of whom to pay



TECH

# Songwriters Lose Out on Royalties

Publishers say systems used by Spotify, others don't adequately keep track of whom to pay

By *Ethan Smith*

October 14, 2015

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The omission wasn't an isolated event.

Of...

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# L.P. Reynolds

PLAY ON SPOTIFY

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- |    |   |      |
|----|---|------|
| 1. | Thats the Way of the World (Instrumental) | 5:39 |
| 2. | Tango Heaven (Instrumental)               | 7:03 |
| 3. | To Tell the Angels We'll Dance (Vocal)    | 3:59 |
| 4. | In These Blesseth Years (Vocal)           | 9:29 |



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Bride for Dr. If You Don't Believe A Heavenly Something New

Levinstein Christmas Cheers

L.P. Reynolds L.P. Reynolds & the Tennessee Fever Supersaint



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5.

Love Is on It's Way (Vocal)

3:04

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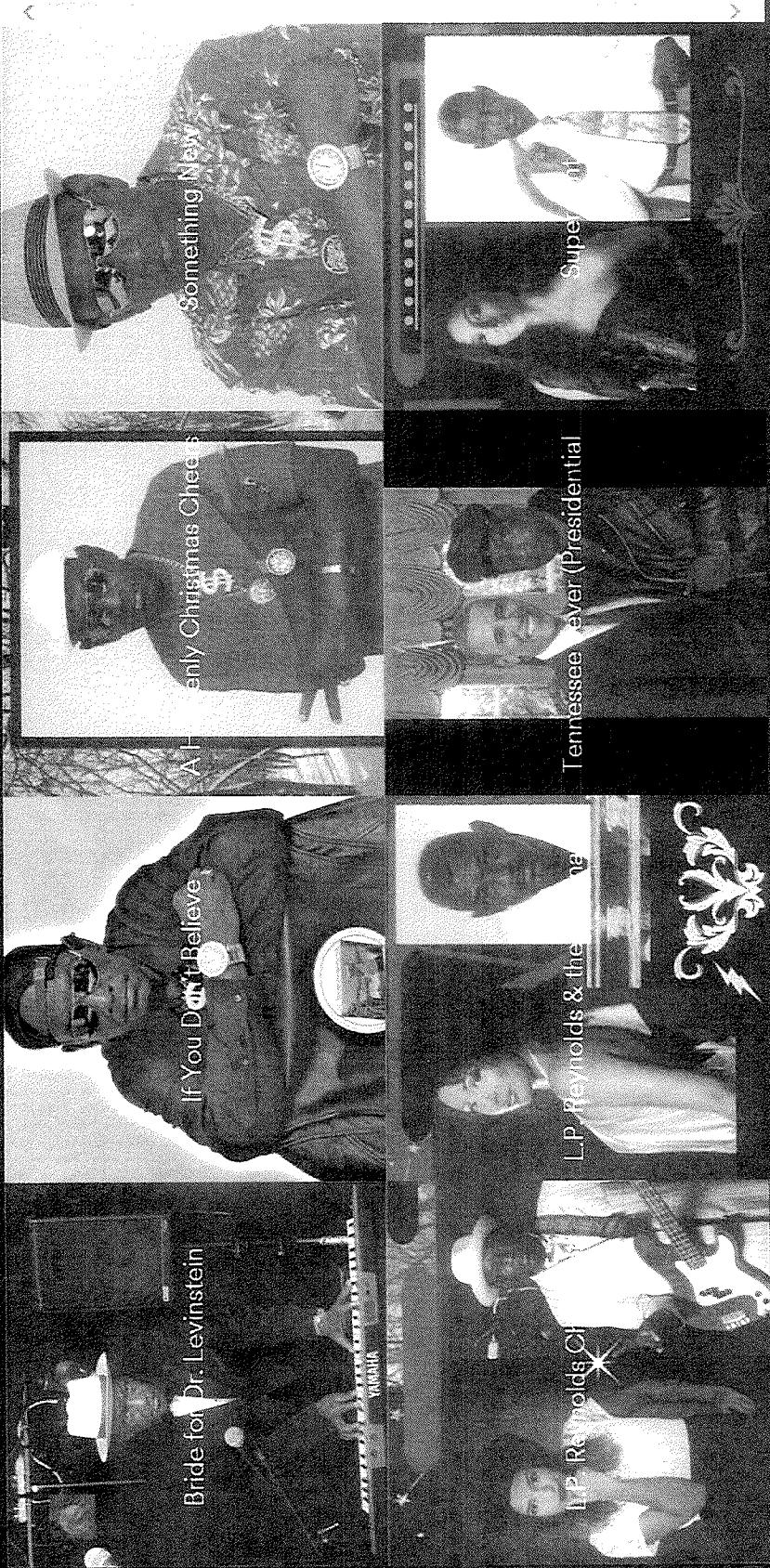


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